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ACCEPTED

Legal 803 3-745

C. DUKES SCOTT  
EXECUTIVE DIRECTOR

P.O. Box 11263  
Columbia, S.C. 29211

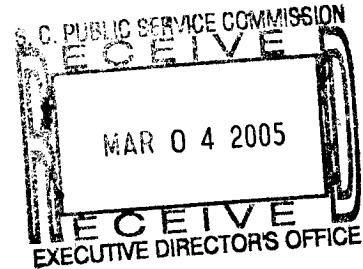


Phone: (803) 737-0800  
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DAN E. ARNETT  
CHIEF OF STAFF

March 3, 2005

Mr. Charles L.A. Terreni  
Chief Clerk/Administrator  
South Carolina Public Service Commission  
101 Executive Center Dr., Suite 100  
Columbia, SC 29210



Re: Application of Lake Wylie Community Utilities, Inc. for Adjustment of  
Rates and Charges for Water and Sewer Services  
Docket No. 2004-353-W/S

Dear Charles:

For your docket, please find enclosed a copy of the Office of Regulatory Staff's First Continuing Data Request which was served on counsel for Lake Wylie Community Utilities, Inc. Also, if you would please date stamp the extra copy enclosed and return it to me in the envelope provided.

Please let me know if you have any questions.

Sincerely,

Benjamin P. Mustian

BPM/cc

Enclosures

cc: John J. Pringle, Jr., Esquire

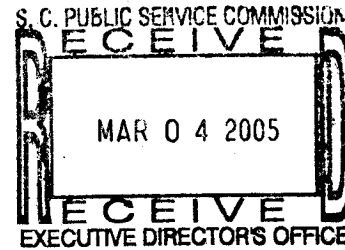
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DAN F. ARNETT  
CHIEF OF STAFF



March 3, 2005

John J. Pringle, Jr., Esquire  
**Ellis, Lawhorne & Sims, PA**  
Post Office Box 2285  
Columbia, SC 29202

Re: Application of Lake Wylie Community Utilities, Inc. for Adjustment of  
Rates and Charges for Water and Sewer Services  
Docket No. 2004-353-W/S

Dear Jack:

Please find enclosed and served on you the Office of Regulatory Staff's First Continuing Data Request in the above referenced matter. Please let me know if you have any questions.

Sincerely,

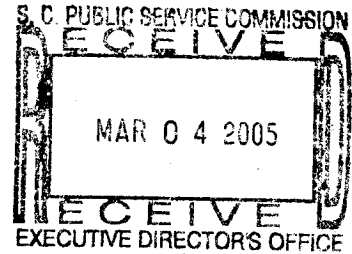
Benjamin P. Mustian

BPM/cc

Enclosures

cc: Charles L.A. Terreni ✓

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION**  
**OF SOUTH CAROLINA**  
**DOCKET NO. 2004-353-W/S**



IN RE: Application of LAKE WYLIE                     )  
      COMMUNITY UTILITIES INC.,                 )     **Office of Regulatory Staff's First**  
      For Adjustment of Rates And                )     **Continuing Data Request**  
      Changes for Water And                     )  
      Sewer Services                             )

**TO: JOHN J. PRINGLE, ESQUIRE, ATTORNEY FOR THE APPLICANT, LAKE WYLIE COMMUNITY UTILITIES, INC.**

**INSTRUCTIONS**

The Office of Regulatory Staff hereby requests, pursuant to 26 S.C. Code Regs. 103-853 (Supp. 2003), that you answer the following data requests in writing and under oath within ten (10) days after service at the Office of Regulatory Staff, 1441 Main Street, Suite 300, Columbia, South Carolina, 29201. If you are unable to respond to any of the data requests, or part or parts thereof, please specify the reason for your inability to respond and state what other knowledge or information you have concerning the unanswered portion.

As used in these data requests, "identify" means, when asked to identify a person, to provide the full name, title, and current address and telephone number of the person. When asked to identify a document, "identify" means to provide a full and detailed description of the document and the name and address of the person who has custody of the document. In lieu of providing a full and detailed description of a document, you may attach to your responses a copy of the document and identify the person who has custody of it. When the word "document" is used herein, it means any written, printed, typed, graphic, photographic, or electronic matter of any kind or nature and includes, but is not limited to, statements, contracts, agreements, reports,

opinions, graphs, books, records, letters, correspondence, notes, notebooks, minutes, diaries, memoranda, transcripts, photographs, pictures, photomicrographs, prints, negatives, motion pictures, sketches, drawings, publications, and tape recordings. As used in this data request, "address" means mailing address and business address.

Wherever in this data request a masculine pronoun or possessive adjective appears, it refers to both males and females in accordance with traditional English usage.

IT IS HEREIN REQUESTED:

- A. That all information shall be provided to the undersigned in the format as requested.
- B. That all responses to the requests below be labeled using the same numbers as used herein.
- C. That each of the enumerated data requests be reproduced at the beginning of each of the responses.
- D. That if the requested information is found in other places or in other exhibits, reference not be made to those, but instead, that the information be reproduced and placed in the data request in the appropriate sequence.
- E. That any inquiries or communications relating to questions concerning clarifications of the data requested below be directed to the undersigned.
- F. That all exhibits be reduced to 8 ½" x 11" format, where practical.
- G. That the requested information be bound in ring binders (loose leaf notebooks) or otherwise suitably bound.
- H. That in addition to the signature and verification at the close of the Company's responses, the Company witness(es) or employee(s) responsible for the information contained in each response be indicated.
- I. That the Company provide to the Office of Regulatory Staff two copies of the responses to this data request as soon as possible but no later than ten (10) days after service thereof.

- J. If the response to any data request is that the information requested is not currently available, please state when the information requested will be available.
- K. This data request shall be deemed to be continuing so as to require the Company to supplement or amend its responses as any additional information becomes available.

### **QUESTIONS**

- 1.1 Describe and provide details on the following expenses listed on the Income Statement provided in Exhibit B. Include a description and explanation of all expenses for each category:
- a. Contract – Accounting – Water
  - b. Contract – Management – Water
  - c. Contract Service – Water
  - d. Contract Service – Direct Labor – Water
  - e. Contract Service – Office Labor – Water
  - f. Contract – Accounting – Sewer
  - g. Contract – Management – Sewer
  - h. Contract Service – Sewer
  - i. Contract Service – Direct Labor – Sewer
  - j. Contract Service – Office Labor – Sewer
  - k. “Transportation – Water”
  - l. “Transportation – Sewer”
  - m. “Office – Water ”
  - n. “Office – Sewer”
  - o. “Chemical – Other”
- 1.2 Describe and provide details on the accounts listed as “Interest Expense – Water” and “Interest Expense – Sewer” in the Income Statement as provided in Exhibit B.
- 1.3 Describe and provide details on the expense of \$49.62 listed as “Use Tax” in the Income Statement as provided in Exhibit B.
- 1.4 The Income Statement provided in Exhibit B proposes an adjustment of \$10,000 for “Legal and Professional Fees.” Provide invoices for these fees detailing expenses including, but not limited to, hours billed, services provided and any expenses.
- 1.5 Did Lake Wylie Community Utilities, Inc. pay Gross Receipts Taxes during the test year? If so, what was the total amount of taxes paid? Where is this amount shown in the General Ledger?
- 1.6 What is the total amount of fees Lake Wylie Community Utilities, Inc. paid to the Department of Health and Environmental Control for water testing from January 1,

2003 to December 31, 2003? Indicate how and where these expenses are recorded in the General Ledger.

- 1.7 Describe and provide information including, but not limited to, origin, use and purpose of the following accounts as listed on the "General Ledger:"

a.	0-311-00	Acc Cap Contributed – JCM III
b.	0-312-00	Acc W/D – JCM III
c.	0-314-00	Acc Book (P)/L – JCM III
d.	0-315-00	Withdrawl – JCM III
e.	0-316-00	Capital Contributed – JCM III
f.	0-317-00	Acc Gifts – JCM III
g.	0-321-00	Acc Capital Contributed – JCM IV
h.	0-322-00	Acc W/D – JCM IV
i.	0-324-00	Acc Book (P)/L – JCM IV
j.	0-326-00	Capital Contributed – JCM IV
k.	0-327-00	Gifts – JCM IV
l.	0-331-00	Acc Cap Contributed – ARM
m.	0-332-00	Acc W/D – ARM
n.	0-334-00	Acc Book (P)/L – ARM
o.	0-336-00	Capital Contributed – ARM
p.	0-337-00	Gifts – ARM
q.	0-341-00	Acc Cap Contributed – LM
r.	0-342-00	Acc W/D – LM
s.	0-344-00	Acc Book (P)/L – LM
t.	0-346-00	Capital Contributed – LM
u.	0-347-00	Gifts – LM
v.	0-351-00	Acc Cap Contributed – MM
w.	0-352-00	Acc W/D – MM
x.	0-354-00	Acc Book (P)/L – MM
y.	0-355-00	Withdrawl – MM
z.	0-356-00	Capital Contributed – MM
aa.	0-357-00	Gifts – MM

- 1.8 For the accounts listed in Data Request 1.7, please provide the details of each account to include all transactions of each account during the test year as well as the beginning and ending balances of each account for the test year.

- 1.9 Provide a comparative statement and detailed work papers for the annual expenses for Lake Wylie Community Utilities, Inc. for the twelve months ended December 31, 1999, 2000, 2001, 2002, and 2003 for the following accounts:

- a. Regulatory fees – water
- b. Use tax
- c. Purchased Power – water
- d. Contract – Accounting –water

- e. Contract – Management – water
  - f. Contract Service – water
  - g. Contract Service – Direct Labor –water
  - h. Contract Service – Office Labor – water
  - i. Repairs and Maintenance – water
  - j. Transportation – water
  - k. Insurance – Auto - water
  - l. Insurance – Liability –water
  - m. Office – water
  - n. Regulatory fees – sewer
  - o. Use Tax
  - p. Purchased Power – sewer
  - q. Contract – Accounting – sewer
  - r. Contract – Management – sewer
  - s. Contract Service – sewer
  - t. Contract Service – Direct Labor – sewer
  - u. Contract Service – Office Labor – sewer
  - v. Repairs and maintenance – sewer
  - w. Transportation – sewer
  - x. Insurance – Auto - sewer
  - y. Insurance – Liability –sewer
  - z. Office – sewer
  - aa. Chemicals – Other
  - bb. Depreciation – water equipment
  - cc. Depreciation – sewer equipment
  - dd. Penalties
  - ee. Interest expense – water
  - ff. Loss on disposal of fixed asset – water
  - gg. Interest expense – sewer
  - hh. Loss on disposal of fixed asset – sewer
  - ii. Legal expense
  - jj. Other professional services expense
  - kk. Any and all other account categories not listed on Exhibit B-2
- 1.10 Provide copies of all policies and associated invoices for insurance expenses during the test year. Include a listing of all vehicles covered under each policy.
- 1.11 Provide a copy of the Note Payable on the Truck as listed on the Balance Sheet in Exhibit B.
- 1.12 Provide information on the following:
- a. How many water taps have been connected to the system from inception of the system to the present?
  - b. How much revenue from water tap fees has been collected from customers from the inception of the system to the present?

- c. What is the maximum number of water taps that can be installed on the present system?
- d. How many water taps were provided during 1999, 2000, 2001, 2002, and 2003?
- e. How many water taps do you anticipate making per year during the next five years?
- f. What were the total costs expended for water taps each year during 1999, 2000, 2001, 2002, and 2003?
- g. What were the total costs capitalized for water taps for each year during 1999, 2000, 2001, 2002, and 2003?

1.13 Provide information on the following:

- a. How many sewer taps have been connected to the system from inception of the system to the present?
- b. How much revenue from sewer tap fees has been collected from customers from the inception of the system to the present?
- c. What is the maximum number of sewer taps that can be installed on the present system?
- d. How many sewer taps were provided during 1999, 2000, 2001, 2002, and 2003?
- e. How many sewer taps do you anticipate making per year during the next five years?
- f. What were the total costs expended for sewer taps each year during 1999, 2000, 2001, 2002, and 2003?
- g. What were the total costs capitalized for sewer taps for each year during 1999, 2000, 2001, 2002, and 2003?

1.14 List employees employed during the years ending December 31, 1998, 1999, 2000, 2001, 2002, and 2003, including their position, date of hire, salary, hours worked per week, exempt/non-exempt status, and duties. Indicate how and where these wages are shown on the General Ledger.

1.15 Does Lake Wylie Community Utilities, Inc. employ any workers on an hourly basis? If so, list the employee's name, amount paid and to be paid to the employee, and the duty performed by the employee.

1.16 List all officers of Lake Wylie Community Utilities, Inc. during the years ending December 31, 1999, 2000, 2001, 2002, and 2003 including their salary and position or title.

1.17 Provide a schedule showing when salaries of Lake Wylie Community Utilities, Inc. employees are paid and pay stubs for three consecutive pay periods for officers and staff.

1.18 Provide time sheets or cards of all employees of Lake Wylie Mobile Home Park or Lake Wylie Community Utilities, Inc. indicating hours worked for Lake Wylie Community Utilities, Inc.



- 1.19 Do Lake Wylie Mobile Home Park and Lake Wylie Community Utilities, Inc. share employees between the two companies? If so, provide the allocation of hours worked and the method and basis for such allocation.
- 1.20 Does Lake Wylie Community Utilities, Inc. collect customer deposits? If so, how many customers have deposits with the Company? What is the total amount of the deposits on file with the Company? What is the balance of Accrued Interest on Customer Deposits?
- 1.21 Provide justification for the Life Years of the property listed in the Depreciation Schedule as provided in the Supplement to the Application, Exhibit B-5.
- 1.22 Exhibits B-2 and B-3 list Non-Cash Expenses of "Depreciation – Water Equipment" and "Depreciation – Sewer Equipment." To what assets and in what amount does each depreciation apply? If any Depreciation expense is allocated between water and sewer, please explain the allocation method employed?
- 1.23 Did Lake Wylie Mobile Home Park allocate expenses to Lake Wylie Community Utilities, Inc. during the test year? If so, explain and describe the expense allocated, the total of the expenditure prior to allocation, and the basis and method of allocating the expense. Indicate the appropriate journal entry for each expenditure allocated.
- 1.24 Describe any construction and/or upgrades proposed or taking place at Lake Wylie Community Utilities, Inc.
- 1.25 Are there any outstanding loan agreements involving Lake Wylie Community Utilities, Inc.? If so,:
  - a. Has the loan been approved and been finalized?
  - b. Have the funds from the loan agreement been received?
  - c. What is the loan amount?
  - d. What is the interest rate?
  - e. What is the loan period in months?
  - f. Who is the lender?
- 1.26 List the Lake Wylie Community Utilities, Inc. assets pledged for any loans.
- 1.27 What debts or other obligations of Lake Wylie Community Utilities, Inc. generated Interest Expense for the test year as shown on the Income Statement provided in Exhibits B-2 and B-3?
- 1.28 List the specific operating cost increases which justify Lake Wylie Community Utilities, Inc. rate increase request as stated on Page 3, Paragraphs 15 and 16 of the application. Provide the itemized cost to Lake Wylie Community Utilities, Inc. for each expense item.

- 1.29 Exhibit B-2, lists the revenue for the test year for water and sewer for customers of Lake Wylie Community Utilities, Inc. How are the water and sewer revenue computed? Submit detailed working papers breaking down the test year revenue.
- 1.30 List the number of customers as of December 31, 2003 and February 1, 2005 detailed by customer classification (i.e. residential, mobile base, commercial, etc.).
- 1.31 List by year the total number of bills issued to customers during the years 1999, 2000, 2001, 2002, and 2003.
- 1.32 Paragraph 12 of the Application states that Lake Wylie Community Utilities, Inc. has a performance bond on file with the Commission. What type of bond is on file? What is the amount of the bond? Is the performance bond accounted for in the financial information, and if so, where?
- 1.33 Provide a copy of the current performance bond on file with the Commission.
- 1.34
- a. Did Lake Wylie Community Utilities, Inc. incur any penalties or fines from DHEC or any other regulatory agency during the test year?
  - b. If so, please indicate the amount of each fine and provide a copy of the documentation outlining each violation.
  - c. Does Lake Wylie Community Utilities, Inc. have any pending or outstanding noted violations by DHEC?
  - d. If so, what are they and provide a copy of the documentation that outlines each violation.
- 1.35 What real property assets are owned by Lake Wylie Community Utilities, Inc. and where are they located? Indicate the year each asset was purchased and placed in service and its purchase price.
- 1.36 Subsequent to the last rate case, has there been any change in the ownership of Lake Wylie Community Utilities, Inc.? If so, provide a listing of the owners of the Company. Was the change in ownership approved by the Commission? If so, please identify the docket in which the Commission addressed the change of ownership of the Company?
- 1.37
- a. Has Lake Wylie Community Utilities, Inc. changed its status as a business entity since its last rate case?
  - b. If so, provide any copies of incorporation or other documentation setting forth the business status or relationship.
  - c. Was Commission approval obtained prior to changing the status or changing the name of the company? If so, please provide a copy of the Commission order granting such approval.

- d. If company has changed its status as a business entity, please provide a list of current owners, directors, principals, and/or officers as well as any shareholders.
  - e. Please include percentage of ownership or number of shares by each person listed in response to 1.37.d.
- 1.38 Provide a schedule detailing the amount of bonuses received by Lake Wylie Community Utilities, Inc. officers, owners and employees during the test year.
  - 1.39 Provide a depreciation schedule for all Lake Wylie Community Utilities, Inc. plant and equipment.
  - 1.40 Provide the complete general accounting ledger for the 2003 test year.
  - 1.41 Provide all federal and state income tax returns signed and filed by Lake Wylie Community Utilities, Inc. for tax years 1999, 2000, 2001, 2002, and 2003. This request includes all supporting schedules and documents, such as 1099s, and the like, whether filed or not.
  - 1.42 Provide a schedule listing each accounting or pro forma adjustment made to test year revenues and expenses and provide an explanation for each adjustment.
  - 1.43 Provide a copy of all contract terms and conditions for water providers and wastewater disposal with treatment providers.
  - 1.44 Provide specific rate computations for all proposed rate increases in the monthly charge for water service and the monthly charge for sewer service.
  - 1.45 Provide a detailed calculation of uncollectible accounts.
  - 1.46 Provide cost justification of the following requested rates:
    - a. Re-Connection Fee (Water) of \$150.00
    - b. Administration Fee (Water) of \$45.00
    - c. Re-Connection Fee (Sewer) of \$150.00
    - d. Administration Fee (Sewer) of \$45.00
  - 1.47 Provide a description and explanation of any and all methods of allocation used to allocate any expenses, assets, or other entry during the test year and in the preparation of the rate application. Provide the amount of each and every expense, asset, or entry allocated.
  - 1.48 List the names and business titles of all people who provided information for preparation of the Application. List the names and business titles of all people who provided information for preparation of the Application exhibits. Indicate who calculated the numbers for each exhibit and list the appropriate exhibit next to the individual's name.

- 1.49 Provide all work papers, documents, plats, maps, recordings or other items used to prepare the Application and its attached Exhibits.

A handwritten signature in black ink, appearing to read 'Florence P. Belser', is written over a horizontal line.

Florence P. Belser, Esquire  
Benjamin P. Mustian, Esquire  
**Office of Regulatory Staff**  
P.O. Box 11263  
Columbia, South Carolina 29211

March 3, 2005

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION**  
**OF SOUTH CAROLINA**

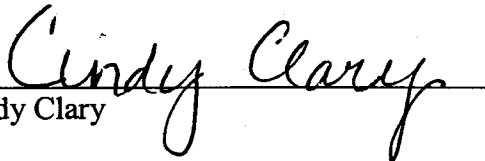
**DOCKET NO. 2004-353-W/S**

IN RE: Application of Lake Wylie )  
Community Utilities, Inc., )  
For Adjustment of Rates )  
And Changes for Water )  
And Sewer Services )  
\_\_\_\_\_ )

**CERTIFICATE OF SERVICE**

This is to certify that I, Cindy Clary, an employee with the Office of Regulatory Staff, have this date served one (1) copy of the **Office of Regulatory Staff's First Continuing Data Request** in the above-referenced matter to the person(s) named below by causing said copy to be deposited in the United States Postal Service, first class postage prepaid and affixed thereto, and addressed as shown below:

John J. Pringle, Jr., Esquire  
**Ellis, Lawhorne & Sims, PA**  
Post Office Box 2285  
Columbia , SC 29202

  
Cindy Clary

March 3, 2005  
Columbia, South Carolina